

**STATE CONTROLLER'S OFFICE  
RISK ASSESSMENT  
WORKING DRAFT FOR PILOT PROGRAM  
As of November 14, 2006**

**CLIN CONTRACT ROUTING NUMBER:** \_\_\_\_\_ **Vendor name:** \_\_\_\_\_

**BACKGROUND:** As a result of the State Controller's Office Contract Improvement Process Initiative conducted in the fall of 2006, the State Controller has determined that there are now categories of risk associated with state contracts. For purposes of this discussion, the categories are described as: "automatic low risk" and "automatic high risk". Automatic "low risk" contracts do not need a risk assessment and can be signed off by the agency/institution controller or other delegate; however automatic "high risk" contracts will now require the review and approval of the State Controller. These contracts will no longer be delegated to the agency controller for review and signature.

The following are considered **"automatic low risk"**:

- Interagency agreements using the state's standard contract template. Amendments to interagency agreements are also included.
- Current Phase I waived contracts approved and reviewed by the Attorney General Office and State Controller's Office.
- Other approved agency specific contract templates previously approved and authorized in writing by the State Controller which are not part of the Phase I waiver program;
- Modification tools – options, change orders, funding letters, task orders which are consistent with the original contract and in compliance with the State Controller's policy on "*State Contract Modifications*".
- Amendments:
  1. Extend ending date by one year;
  2. Any rate increases consistent with the terms of the original contract;
  3. Do not change the scope of the original contract;
  4. Less than 3 amendments; (4 or more amendments to the same contract requires a "risk factor" analysis to be completed);
  5. Re-statement of amendments – (which incorporates all prior amendments plus original contract);
  6. Making changes that are required and consistent with state law such as the addition of the Illegal Alien language to the Special Provisions.

The following are considered **"automatic high risk"**. These contracts are required to be forwarded to the State Controller for review and approval. \*

- Contingency contracts defined in CRS 24-17-203;
- Energy Performance contracts CRS 24-30-200;
- All lease purchase contracts and lease purchase contracts with an option to buy;
- Operation of prison contracts;
- Master Task Order Contracts;
- All land purchases;
- All sales of state owned land and property;
- Outsource contracts as defined in Fiscal Rule 3-1;
- COPS (certificates of participation);
- Contracts that involve dangerous activities or hazardous materials;
- Employee Settlement agreements; and
- Employee Voluntary Separation agreements

The State Controller may provide specific delegation to an agency for these items depending on agency expertise in the particular subject matter.

**Risk Factor Checklist Instructions:** If neither automatic risk defined above applies, please complete this checklist by indicating low, medium or high risk for each factor listed, and then make an overall risk determination.

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Low	Medium	High	Factor	
			<b>1</b>	<b>Dollar Amount of Contract</b>
				A Dollar Amount is beyond dollar limits or range amount delegated to the agency by the State Controller. <b>(NOTE: For purposes of the "pilot", \$100,000 and below is low risk; above \$100,000 is high risk). Please explain high risk in Comments section below</b>
			<b>2</b>	<b>Contract Format</b>
				A The state's standard model contract or the standard wizard contract template has been used.
				B The State's current version of the Special Provisions used without any modifications.
				C State's General Provisions used without modifications (no deletions or additions).
				D Pre-Approved SCO contract template used without modification.
				E Vendor is asking to change terms and conditions that would create a high impact and high probability of risk.
			<b>3</b>	<b>Statement/Scope of Work</b>
				A Meets State Uniform Standards, Clearly Written and Defined as to the work being performed.
				B The SCO Statement of Work Form Used Without Modification
				C A detailed budget is with the contract that clearly explains all expenditures of the contract dollars.
				D PLEASE REFER TO RISK CHECKLIST SOW ON PAGE 4

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Low	Medium	High		
			<b>4</b>	<b>Contract Nature and Complexity</b>
			A	Within Agency Norms and Experience
			B	Purchase is for existing technology, services or goods (NOT new technology)
			C	NOT Complex IT Services/Software or other services (Multiple Government Jurisdiction Impact)
			<b>5</b>	<b>Contract Has Other Unusual Activities or Circumstances Suggesting Adverse Risk to the State</b>
			A	State staff does NOT rely on Contractor to Transfer Knowledge to State Employees
			B	Contract is "Revenue Generating", there are NO terms and conditions that obligate the State to compensate the contractor.
			C	Simple lease that does NOT include build out/construction requirements by Lessor.
			D	Contractor NOT selected by Sole Source
			E	Contract is within the 5-year limit.
			F	NO reliance on a 3 <sup>rd</sup> party involved
			G	There is adequate insurance required for the contract. The contract does NOT need extra insurance protections.
			H	Warranties are sufficient
				<b>OVERALL CONCLUSION - What category of risk is your contract?</b>

<b>WRITTEN EXPLANATIONS</b>	
<p><b>High Risk</b></p> <p><b>Low Risk</b></p> <p><b>Comments</b></p>	<p>If your overall conclusion is that this contract is deemed "high risk", then please prepare an Executive Summary that explains the reasons for the high risk and the steps the agency has taken to address the risks, and attach this documentation with the Risk Assessment.</p> <p>If your overall conclusion is that this contract is deemed to be "low or medium risk," then please explain why in the space below.</p> <p>Please add any comment to further explain any of the factors stated above. If more space is needed, please attach an additional sheet with your comments.</p>

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***Risk Checklist: SOW***

1. ***SOW Process:*** Complete the Evaluation on Back.

2. ***SOW Structure:***

**Comprehensive Analysis of Work Effort:**

- 1) Is it clear from the SOW that the entire work effort has been analyzed from beginning to completion? Y\_\_ N\_\_
- 2) Have all of the major tasks of the work effort been identified? Y\_\_ N\_\_
- 3) Have tasks been placed in sequence of performance in the SOW? Y\_\_ N\_\_
- 4) Have possible or likely problems in performance been flagged? Y\_\_ N\_\_

**Requirements:**

- 1) For each major task, have *all requirements* been described? Y\_\_ N\_\_
- 2) Are these descriptions clear *and* sufficiently detailed? Y\_\_ N\_\_

**Deliverables:**

- 1) Does each major task produce a *deliverable* (either interim work product or a final deliverable)? Y\_\_ N\_\_ *OR*
- 2) Is this the kind of work effort where repetitive performance is the *sole* deliverable? (e.g., cleaning services)? Y\_\_ N\_\_
- 3) Do *all final* written and/or design deliverables required a *draft* that will be reviewed and assessed by the State prior to the final submission? Y\_\_ N\_\_

**Quality:**

- 1) Have quality indicators for deliverables/ performance been fully described? Y\_\_ N\_\_
- 2) Has quality been linked to successful contract performance *and* has successful performance been linked to Contractor *payment*? Y\_\_ N\_\_

3. ***Contractor Response or Proposal:***

**State Requirements:**

- 1) Has the Response/Proposal been utilized to clarify the State's requirements for the program or acquisition? Y\_\_ N\_\_ (if yes, answer final two questions)
- 2) Have key passages of the Contractor Response/Proposal been integrated into the State's SOW by *specific* reference? Y\_\_ N\_\_
- 3) Are these passages unambiguous or re-written for contract clarity? Y\_\_ N\_\_

4. ***Contract Management Tools:***

**Time Lines:**

- 1) Has the State set an overall timeline for contract performance? Y\_\_ N\_\_
- 2) Does the SOW demonstrate a plan that will complete all work within the State's timeline? Y\_\_ N\_\_

**Transparency:**

- 1) Are there scheduled meetings, reports or computer schedules that allow the State to assess progress and quality of work during the contract? Y\_\_ N\_\_
- 2) Has the State been clear about the content and detail required in these? Y\_\_ N\_\_
- 1) Does the SOW identify corrective measures based on these assessments? Y\_\_ N\_\_

**Final Reports:**

- 1) Has the State required a final report as a management tool? Y\_\_ N\_\_